



## **SEACOM Closes Financing, Starts Full Construction of Undersea Fiber Optic Cable**

### **Transcontinental Investment Boosts South and East African Economic and Social Development with High Capacity Link to India and Europe**

African investors have taken a significant majority stake in SEACOM's undersea broadband cable, joining hands with an international partner to link southern and east Africa with India and Europe in a massive technological boost to economic and social development on the continent.

The equity and debt facilities for the entire project costs have been unconditionally committed for the construction of the state-of-the-art cable from Mtunzini in South Africa to Mumbai in India and Marseille in France via Mozambique, Madagascar, Kenya, and Tanzania.

"This is a major milestone", stated SEACOM President, Brian Herlihy "The construction of a new submarine fiber optic network will pave the way for a data revolution that intends to follow the explosive growth of the mobile industry in Africa. A shift from a primary voice market to a primary data market will be a catalyst to increasing worker productivity, creating better access to *e-education* and the growth of service industries such as call-centres, BPOs and research centres in Africa.

SEACOM has already invested more than \$10 million in the marine survey and engineering of the cable. The advance start has enabled SEACOM to maintain its ready for service date of June 2009. Actual production of the high-tech cable and undersea repeaters start next week.

With more than three quarters of SEACOM's shares owned by African investors, and agreements with service providers already in place or being finalised in most countries, the cable will provide a major boost to the continent's international connectivity, and with it to economic and social development in Africa.

The US\$ 650-million cable covers more than 15,000km. The investors in SEACOM are Industrial Promotion Services (25%), an arm of the Aga Khan Fund for Economic

Development, Venfin Limited (25%), Herakles Telecom LLC (25%), Convergence Partners (12,5%), and the Shanduka Group (12.5%). Nedbank Limited has committed to provide the senior debt facilities.

“The agreements signed today make the SEACOM broadband cable a reality for Africa, and with it access to much cheaper, much faster fibre optic links between countries in the south and east of the continent to the rest of the world,” said Lutaf Kassam, the CEO of IPS Kenya. “I am delighted that it has been possible to assemble a group of African investors to bring the prospect of progress and prosperity to many Africans in this manner.”

By providing an enormous 1.28 Terrabytes per second of broadband capacity (approximately ten times larger than the capacity on the SAT-3 cable system). , SEACOM aims to bring prices for businesses, institutions, communities, and individuals down significantly. Providing sufficient bandwidth to accommodate high definition TV, peer to peer networks, IPTV, and surging Internet demand, SEACOM will make a direct contribution to meeting the New Partnership for Africa’s Development’s (NEPAD’s) goals of development for Africa’s renewal and its full and beneficial integration into the global economy. SEACOM will represent the first access to true broadband connectivity for the countries on Africa’s Eastern seaboard who are presently 100% reliant on expensive satellite solutions.

“This is a tremendous opportunity for our continent, because the cable gives us the technical capacity for much closer integration into the world economy in a way that benefits everyone,” said Shanduka Chairman Cyril Ramaphosa. “We are extremely happy that investors from South and East Africa have united with an international counterpart around our shared vision of linking Africa to the world in the spirit of NEPAD.”

SEACOM continues to engage governments in southern and east Africa in a concerted effort to ensure maximum benefit for the continent from the new broadband cable. At the core of the discussions, which are characterised by a spirit of cooperation and a very positive atmosphere, is the shared goal of closer working relationships in the interest of faster, cheaper broadband capacity for Africa.

“Improved access for business and individuals in Africa to communications, broadband services and new technology offerings can improve lives and help grow the economies of our countries. The linking of southern and east Africa with India and Europe is crucial for enhancing development and trade between these key regions.” said Andile Ngcaba, chairman of Convergence Partners. “Our agreement to proceed with the building of the cable is a great day for Africa.”

## **Further Information:**

### **About SEACOM**

SEACOM provides high capacity bandwidth linking businesses, individuals, and communities in Southern and East Africa, Europe and South Asia. When it is fully functional in 2009, SEACOM will be a service provider of international fibre optic bandwidth along the East Coast of Africa linking Southern and East Africa, Europe and South Asia.

SEACOM has an enormous capacity of 1.28TB/s, to enable high definition TV, peer to peer networks, IPTV, and surging Internet demand. Pricing will be significantly lower than current satellite or fibre pricing.

SEACOM will be ready to serve Southern and East African markets from 2009, well in time to meet the bandwidth needs of the Confederations Cup and the 2010 Soccer World Cup in South Africa, and the growing requirements of the economies in the countries it serves.

SEACOM has been structured to meet the policy objectives of Governments and NEPAD. SEACOM will be first to launch services with a planned Ready for Service date of June 2009. SEACOM is 76.2% African owned.

### **About The Aga Khan Fund for Economic Development's Industrial Promotion Services**

The Aga Khan Fund for Economic Development (AKFED) is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in the developing world. AKFED focuses on building enterprises in parts of the world that lack sufficient foreign direct investment. It also makes bold but calculated investments in situations that are fragile and complex.

AKFED operates as a network of affiliates with more than 90 separate project companies employing over 30,000 people, with annual revenues in excess of US\$1.5 billion. The Fund is active in 16 countries in the developing world: Afghanistan, Bangladesh, Burkina Faso, the Democratic Republic of the Congo, India, Ivory Coast, Kenya, Kyrgyz Republic, Mali, Mozambique, Pakistan, Senegal, Syria, Tajikistan, Tanzania and Uganda.

The Aga Khan Fund for Economic Development works with governments, international corporations, international financial institutions and donors to create solutions to pressing

infrastructure needs, including power generation and telecommunications. AKFED has invested in, and manages, over 50 industrial project companies in Africa and Asia. .

In the early 1960s, a group of companies was set up under the corporate name Industrial Promotion Services (IPS). Each company was created to provide venture capital, technical assistance and management support to encourage and expand private enterprise in countries of sub-Saharan Africa and South Asia. Today, IPS companies play a vital role in local and regional economies.

### **About VenFin Limited**

VenFin is an active private equity and venture capital investor focusing on high growth investment opportunities. The company has assets in excess \$1.1 billion spanning the telecommunications, software, energy and media sectors. The company also has selected fund and direct investments in China.

Prior to 1 January 2006, VenFin was listed on the Johannesburg Stock Exchange with its largest investment being a 15% stake in Vodacom (Pty) Ltd, South Africa's largest mobile network operator. VenFin was a founding shareholder in Vodacom. The group subsequently disposed of the Vodacom investment to Vodafone Plc, and delisted from the JSE. More recently, VenFin disposed of its 25% stake in Alexander Forbes, a leading insurance broker and financial services company, for just under \$300 million. The company is actively making new investments across a number of sectors, including media, technology and renewable and alternate energy sectors.

VenFin is part of a family of companies, JSE listed Remgro Limited ([www.remgro.co.za](http://www.remgro.co.za)) and Swiss based Richemont ([www.richemont.com](http://www.richemont.com)).

### **About Herakles Telecom**

Herakles Telecom is an international development group based in New York City. The management of Herakles Telecom has decades of development experience in the development of international infrastructure, including more than \$4 billion dollars of infrastructure investment in Africa. The Herakles Telecom experience includes a full spectrum of development expertise including project development, project finance, technical expertise and project controls.

### **About Convergence Partners**

Convergence Partners is a South African-based investment company focused on the telecommunications, media and technology (TMT) sector, predominantly in Africa and the Middle East.

Convergence Partners' investment philosophy is to take meaningful equity stakes in quality projects and businesses within its chosen sector and act as an active, strategic value-adding investor.

As a major part of its strategy, Convergence Partners focuses on greenfields projects that improve access to communications, broadband services and technology offerings throughout Africa and thereby contribute to enhanced standards of living.

[www.convergencepartners.co.za](http://www.convergencepartners.co.za)

### **About Shanduka Group**

The Shanduka Group is a leading black owned and managed investment company established in November 2000. Our investment activities are categorised under the following: Resources, Financial Services, Property, Energy and Strategic Investments.

As a black owned and managed company operating in a transforming South Africa, Shanduka is proud to be doing business and contributing to the transformation of the economy and society during a period of great and positive change on the African continent.

Our shareholder base and highly qualified committed management team positions us well to be a catalyst for change in the way we conduct our business.

Our corporate social responsibility activities are conducted throughout the Shanduka Foundation, a vehicle for transformation and empowerment dedicated to the education and the development of business skills amongst the previously disadvantaged community.

### **Further Inquiries:**

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